

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF CALIFORNIA

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TECHNOLOGY LICENSING  
CORPORATION, a Nevada  
Corporation,

NO. CIV. 2:03-1329 WBS PAN

Plaintiff,

MEMORANDUM AND ORDER RE:  
MOTIONS FOR SUMMARY JUDGMENT

v.

THOMSON, INC., a Delaware  
Corporation,

\_\_\_\_\_  
Defendant. \_\_\_\_\_

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Technology Licensing Corporation ("TLC") owns U.S. Patent Nos. RE40,411 E (the "'411" patent) and RE40,412 E (the "'412" patent), which are July 1, 2008 reissues of U.S. Patent Nos. 5,745,250 (the "'250 patent"), and 5,486,869 (the "'869 patent"), respectively. The '411 and '412 patents relate to identifying and separating the sync signal component of a composite video signal in order to allow accurate reproduction of the transmitted image. TLC filed this action against Thomson for

1 infringing the '411 and '412 patents by incorporating into its  
2 products Gennum and Elantec sync separator chips that practice  
3 the '411 and '412 patents. Thomson moves for summary judgment on  
4 TLC's infringement claims that are based on Thomson's  
5 incorporation of the Gennum GS4882 and GS4982 chips and the  
6 Elantec EL4583 and EL4581 chips because those claims are barred  
7 by the Kessler<sup>1</sup> doctrine and res judicata. (Docket No. 270.)  
8 Thomson also moves for summary judgment on the issue of no  
9 damages before January 5, 2010 with respect to infringement  
10 claims arising from Thomson's incorporation of the Elantec EL  
11 4511 chip because of TLC's failure to provide Thomson notice of  
12 infringement. (Docket No. 274.)

13           Summary judgment is proper "if the pleadings, the  
14 discovery and disclosure materials on file, and any affidavits  
15 show that there is no genuine issue as to any material fact and  
16 that the movant is entitled to judgment as a matter of law."  
17 Fed. R. Civ. P. 56(c). A material fact is one that could affect  
18 the outcome of the suit, and a genuine issue is one that could  
19 permit a reasonable jury to enter a verdict in the nonmoving  
20 party's favor. Anderson v. Liberty Lobby, Inc., 477 U.S. 242,  
21 248 (1986). The moving party bears the burden of demonstrating  
22 the absence of a genuine issue of material fact. Id. at 256. On  
23 issues for which the ultimate burden of persuasion at trial lies  
24 with the nonmoving party, the moving party bears the initial  
25 burden of establishing the absence of a genuine issue of material

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27           <sup>1</sup> Kessler v. Eldred, 206 U.S. 285 (1907). The Kessler  
28 Court held that a manufacturer who previously prevailed in a  
patent infringement suit could enjoin subsequent patent  
infringement suits against the manufacturer's customers.

1 fact and can satisfy this burden by presenting evidence that  
2 negates an essential element of the nonmoving party's case or by  
3 demonstrating that the nonmoving party cannot produce evidence to  
4 support an essential element of its claim or defense. Nissan  
5 Fire & Marine Ins. Co., Ltd. v. Fritz Cos., Inc., 210 F.3d 1099,  
6 1102 (9th Cir. 2000).

7           Once the moving party carries its initial burden, the  
8 nonmoving party "may not rely merely on allegations or denials in  
9 its own pleading," but must go beyond the pleadings and, "by  
10 affidavits or as otherwise provided in [Rule 56,] set out  
11 specific facts showing a genuine issue for trial." Fed. R. Civ.  
12 P. 56(e); accord Celotex Corp. v. Catrett, 477 U.S. 317, 324  
13 (1986); Valandingham v. Bojorquez, 866 F.2d 1135, 1137 (9th Cir.  
14 1989). On those issues for which it will bear the ultimate  
15 burden of persuasion at trial, the nonmoving party "must produce  
16 evidence to support its claim or defense." Nissan Fire, 210 F.3d  
17 at 1103.

18           In its inquiry, the court must view any inferences  
19 drawn from the underlying facts in the light most favorable to  
20 the nonmoving party. Matsushita Elec. Indus. Co., Ltd. v. Zenith  
21 Radio Corp., 475 U.S. 574, 587 (1986). The court also may not  
22 engage in credibility determinations or weigh the evidence, for  
23 these are jury functions. Anderson, 477 U.S. at 255.

24           A. Motion for Partial Summary Judgment on Kessler Doctrine  
25 and Res Judicata

26           In 1998, Elantec filed a declaratory judgment action in  
27 the Northern District of California seeking a declaration that  
28 the '869 and '250 patents--reissued as the '411 and '412 patents--

1 in-suit--were invalid, unenforceable, and were not infringed by  
2 Elantec's products including the EL4583 and EL4581 chips at issue  
3 in this litigation. TLC filed counterclaims against Elantec for  
4 infringing certain claims in the '250 and '869 patents. The  
5 parties settled, entered into a patent license agreement, and  
6 filed a stipulated dismissal with prejudice on April 5, 1999. In  
7 2002, TLC terminated the license agreement with Elantec because  
8 it believed Elantec violated the agreement. TLC brought this  
9 suit against Thomson for patent infringement by, inter alia,  
10 incorporating Elantec chips in its products on June 20, 2003.  
11 (Docket No. 1.) In 2006, TLC and other plaintiffs sued Elantec  
12 in California Superior Court for violations of the license  
13 agreement. In 2009, Elantec filed a declaratory judgment action  
14 against TLC in the Northern District of California alleging the  
15 '411 and '412 patents are invalid. TLC counterclaimed  
16 infringement. The case is currently pending.

17 In 2001, TLC sued Videotek, Inc. in the Northern  
18 District of California for infringing certain claims in the '250  
19 and '869 patents. In 2002 Videotek filed a third party complaint  
20 against Gennum seeking indemnification. Gennum cross-claimed  
21 against TLC for non-infringement and invalidity of the '250 and  
22 '869 patents, and TLC filed counterclaims against Gennum alleging  
23 infringement through several of its sync separator chips,  
24 including the GS4882 and GS4982 chips at issue in this  
25 litigation. See Tech. Licensing Corp. v. Gennum Corp., No. 01-  
26 4204, 2007 WL 1319528 (N.D. Cal. May 4, 2007). Then Magistrate  
27 Judge Seeborg ruled that the GS4882 and GS4982 chips did not  
28 infringe the '869 patent claims then at issue and that while

1 certain Gennum chips would infringe the '250 patent claims then  
2 at issue, those claims were invalid. Id. Specifically, Judge  
3 Seeborg found that the claims at issue in the '250 patent were  
4 entitled to a priority date no earlier than June 22, 1995, and  
5 were invalid because certain Elantec sync separator chips existed  
6 in 1993 and therefore constituted prior art. Id. at \*21. The  
7 Federal Circuit affirmed those aspects of Judge Seeborg's ruling  
8 that were appealed. Tech. Licensing Corp. v. Videotek, Inc., 545  
9 F.3d 1316 (Fed. Cir. 2008).

10 Thomson argues that the prior litigation between TLC  
11 and Elantec and Gennum has decided the issues of patent  
12 infringement and validity between those chips and the patents-in-  
13 suit, and that under the Kessler doctrine and res judicata  
14 Thomson is entitled to the benefit of those judgments.

15 1. Res Judicata

16 Under federal law, claim preclusion--otherwise known as  
17 res judicata--bars "lawsuits on 'any claims that were raised or  
18 could have been raised' in a prior action." Stewart v. U.S.  
19 Bancorp, 297 F.3d 953, 956 (9th Cir. 2002) (quoting Owens v.  
20 Kaiser Found. Health Plan, Inc., 244 F.3d 708, 713 (9th Cir.  
21 2001)). Claim preclusion requires the moving party to satisfy  
22 three elements: (1) an identity of the claims, (2) the previous  
23 action must have resulted in a final judgment on the merits, and  
24 (3) the present action must involve the same parties or persons  
25 in privity of interest. Providence Health Plan v. McDowell, 385  
26 F.3d 1168, 1173-1174 (9th Cir. 2004).

27 In its March 10, 2010 claim construction Order applying  
28 collateral estoppel and adopting Judge Breyer's construction of

1 the terms "circuit" and "circuitry" in means-plus-function  
2 format, this court stated that "[a]s one of Gennum's customers,  
3 Thomson is in privity with Gennum for preclusion purposes."  
4 Tech. Licensing Corp. v. Thomson, Inc., No. 03-1329, 2010 WL  
5 843560, at \*6 (E.D. Cal. Mar. 10, 2010) (citing Schnitger v.  
6 Canoga Elecs. Corp., 412 F.2d 628 (9th Cir. 1972)). It is  
7 therefore law of the case that Thomson is in privity with Gennum.  
8 It also follows that Thomson is in privity with Elantec. The  
9 court will therefore address only the first two elements of res  
10 judicata.

11 a. Elantec Litigation

12 Because a court-ordered dismissal with prejudice is a  
13 final judgment on the merits, Zenith Ins. Co. v. Breslaw, 108  
14 F.3d 205, 207 (9th Cir. 1997), the Elantec litigation that  
15 resulted in a stipulated dismissal with prejudice satisfies the  
16 second prong of res judicata. The remaining issue, therefore, is  
17 whether the claims asserted against Thomson are the same claims  
18 as those previously asserted against Elantec. "Whether two  
19 claims for infringement constitute the 'same claim' is an issue  
20 particular to patent law and thus Federal Circuit law applies."  
21 Roche Palo Alto LLC v. Apotex, Inc., 531 F.3d 1372, 1379 (Fed.  
22 Cir. 2008). The Federal Circuit uses the term "claim" for  
23 preclusion purposes "in the sense of the facts giving rise to the  
24 suit." Foster v. Hallco Mfg. Co. 947 F.2d 469, 471 (Fed. Cir.  
25 1991).

26 The history of the Elantec litigation is clear that the  
27 parties reached a license agreement in 1999 and operated under it  
28 for three years, until Elantec was acquired by Intersil in 2002.

1 TLC and Elantec disagree about what effect the acquisition had on  
2 the license agreement, and shortly after the acquisition TLC sued  
3 Thomson for patent infringement and eventually filed multiple  
4 suits against Elantec which are still ongoing. While the same  
5 Elantec chips and virtually identical patents are at issue, the  
6 court cannot say as a matter of law that the facts giving rise to  
7 TLC's suit against Thomson are the same facts that gave rise to  
8 TLC's original suit against Elantec. Elantec's alleged violation  
9 of the license agreement in 2002 would have given rise to new  
10 claims of patent infringement against Elantec that would not be  
11 barred by the stipulated dismissal with prejudice of the earlier  
12 suit. Indeed, TLC and Elantec are involved in numerous lawsuits  
13 stemming from Elantec's alleged breach of the license agreement.  
14 TLC's claims against Thomson which stem from its incorporating  
15 Elantec chips, therefore, are not barred by res judicata.

16 b. Genum Litigation

17 The parties agree that Judge Seeborg's ruling  
18 constitutes a prior judgment on the merits. The only element of  
19 claim preclusion at issue, therefore, is whether the present suit  
20 involves the same claims as in the Genum litigation. TLC argues  
21 that the present suit cannot constitute the same claim because  
22 the patents at issue are the '411 and '412 reissue patents rather  
23 than the '250 and '869 patents. The parties agree that the '411  
24 and '412 patents include patent claims that were not present in  
25 the '250 and '869 patents, and that these non-original patent  
26 claims constitute narrower versions of the original patent claims  
27 that they replace. See 35 U.S.C. § 251 ("No reissued patent  
28 shall be granted enlarging the scope of the claims of the

1 original patent unless applied for within two years from the  
2 grant of the original patent.") Yet it is also possible that the  
3 reissue patent claims are not "substantially identical" to the  
4 claims in the original patents. See 35 U.S.C. § 252. Reissue  
5 patents are enforceable against infringing activity that occurs  
6 after the original patent is issued "to the extent that its  
7 claims are substantially identical" to the claims of the original  
8 patent." Id. Thomson has not provided any information for the  
9 court to determine that the non-original reissued claims are  
10 "substantially identical" to the original claims. The court,  
11 therefore, will not apply res judicata to those claims.

12 With respect to the claims in the '411 and '412 patents  
13 that are identical to claims in the '250 and '869 patents, res  
14 judicata still does not apply. The '411 and '412 patents were  
15 issued on July 1, 2008, and TLC argues that infringement is  
16 ongoing to this day. Because the '250 and '869 patents ceased to  
17 exist when the reissue patents were issued, TLC could not have  
18 asserted its infringement claims against Thomson with respect to  
19 the '411 and '412 patents any earlier than July 1, 2008. See  
20 Cordis Corp. v. Boston Sci. Corp., 635 F. Supp. 2d 361, 367 (D.  
21 Del. 2009).

## 22 2. Kessler Doctrine

23 Thomson also argues that summary judgment is  
24 appropriate because under the doctrine of Kessler v. Eldred, 206  
25 U.S. 285 (1907), product manufacturers can obtain injunctions  
26 preventing patent holders from suing their customers for patent  
27 infringement where the manufacturer has previously prevailed in a  
28 patent infringement suit against the patent holder. See, e.g.,

1 MGA, Inc. v. Gen. Motors Corp., 827 F.2d 729 (Fed. Cir. 1987);  
2 B.F. Goodrich Co. v. Am. Lakes Paper Co., 23 F. Supp. 632 (D.  
3 Del. 1938). The Kessler doctrine appears to be nothing more than  
4 a patent-specific application of res judicata between  
5 manufacturers of allegedly infringing products and their  
6 customers in patent infringement suits against the customer. The  
7 Supreme Court, Federal Circuit, and Ninth Circuits, however, have  
8 declined to address the issue of whether the customer has the  
9 right to invoke the Kessler doctrine as a defense to patent  
10 infringement suits. See Kessler, 206 U.S. at 288-289.

11 Kessler identified the right protected as belonging to  
12 the manufacturer--that is, the right to receive an injunction  
13 preventing its customers from being sued where it had previously  
14 prevailed. Id. Thomson cites to only one case where the Kessler  
15 doctrine was held to be properly raised by a customer as a  
16 defense to suit. General Chem. Co. v. Standard Wholesale  
17 Phosphate & Acid Works, Inc., 101 F.2d 178 (4th Cir. 1939); see  
18 id. at 179-80 (making much of the fact that the customer could  
19 recover from the manufacturer if it were found liable for  
20 infringement, noting that the customer was in privity with  
21 manufacturer, and stating that the customer was "in a position  
22 closely analogous to that of a surety"). The facts in this case  
23 are unclear and potentially disputed as to whether Gennum and  
24 Elantec have agreed to indemnify Thomson should it be found to  
25 have infringed TLC's patents. (See TLC's Statement of Disputed  
26 Facts ¶¶ 22-24). Nor is it clear whether Elantec or Gennum  
27 assumed responsibility for patent infringement that may occur by  
28 using their chips. (See id.).

1       The Kessler doctrine case law cited by Thomson is not  
2 only old and sparse, but conflicting as well. The General  
3 Chemical court notes that the only other court of appeals to have  
4 decided the issue at that time found that the customer did not  
5 have the right to assert the Kessler doctrine as a defense. See  
6 Wenborne-Karpen Dryer Co. v. Dort Motor Car Co., 14 F.2d 378 (6th  
7 Cir. 1926). General Chemical is not binding authority on this  
8 court and this court finds it would be inappropriate to extend  
9 Kessler to this case given the apparent factual differences  
10 between the customer in this case and the customer in General  
11 Chemical. Even if the Kessler doctrine did apply to the instant  
12 case, Thomson has not met its burden to show that Elantec and  
13 Gennum "prevailed" in their prior suits against TLC for the same  
14 reasons articulated in the "same claim" discussion of res  
15 judicata above.

16               Thomson's motion for partial summary judgment on the  
17 basis of res judicata and the Kessler doctrine will therefore be  
18 denied.

19       B.   Motion for Partial Summary Judgment on No Damages Prior  
20           to January 5, 2010

21               Thomson also moves for summary judgment on the issue of  
22 no damages for infringement related to the Elantec EL4511 chip  
23 present in its 8900 GEN-SM product before January 5, 2010--the  
24 date that TLC served its response to Thomson's Interrogatory No.  
25 1 identifying the Elantec EL4511 chip as a source of Thomson's  
26 infringement of the patents-in-suit. (Docket No. 274.)

27               When a patentee fails to mark its product as patented,  
28 its can only recover damages for infringement that occurs after

1 the infringer receives notice of infringement. 35 U.S.C. §  
2 287(a). The patentee "has the burden of pleading and proving at  
3 trial that she complied with the statutory notice requirements"  
4 of § 287. Maxwell v. J. Baker, Inc., 86 F.3d 1098, 1111 (Fed.  
5 Cir. 1996). The Supreme Court in Dunlap v. Schofield, 152 U.S.  
6 244 (1894), held that the "clear meaning" of the "notice of  
7 infringement" language is that a patentee cannot recover damages  
8 absent marking or notice to the "particular defendants by  
9 informing them of his patent and of their infringement of it."  
10 Id. at 247-48. The Court further stated that notice "is an  
11 affirmative act, and something to be done by him." Id.; see also  
12 Amsted Indus. Inc. v. Buckeye Steel Castings Co., 24 F.3d 178,  
13 187 (Fed. Cir. 1994) ("Actual notice requires the affirmative  
14 communication of a specific charge of infringement by a specific  
15 accused product or device."). Filing an action for infringement  
16 constitutes notice of infringement. 35 U.S.C. § 287(a). It is  
17 undisputed that the Elantec was not marking its chips as  
18 patented.<sup>2</sup>

19 Thomson first argues that TLC failed to properly "file  
20 an action for infringement" under § 287(a) related to the Elantec  
21 EL4511 chip because the original Complaint and FAC did not comply  
22 with Federal Rule of Civil Procedure 8(a) pleading requirements  
23 for patent infringement suits. See McZeal v. Sprint Nextel  
24 Corp., 501 F.3d 1352, 1356-57 (Fed. Cir. 2007) (explaining that  
25 then Federal Rule of Civil Procedure Form 16 (2006)--now Form 18-

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27 <sup>2</sup> Because the court finds no need to reach the issue, it  
28 does not address whether Elantec provided actual notice its chips  
were covered by patents in some other manner.

1 -"sets forth a sample complaint for patent infringement that  
2 includes only the following elements: 1) an allegation of  
3 jurisdiction; 2) a statement that the plaintiff owns the patent;  
4 3) a statement that defendant has been infringing the patent 'by  
5 making, selling, and using [the device] embodying the patent'; 4)  
6 a statement that the plaintiff has given the defendant notice of  
7 its infringement; and 5) a demand for an injunction and damages")  
8 (substitution in McZeal).<sup>3</sup> TLC's original Complaint and FAC did  
9 not specifically allege that TLC had given Thomson notice of its  
10 infringement prior to filing the Complaint.<sup>4</sup>

11 As the court has previously stated on a similar motion  
12 for partial summary judgment by Thomson, "[s]ince the pleading  
13 itself could serve as notice under § 287, the alleged infringer  
14 should be entitled to rely on plaintiff's implicit assertion that  
15 the pleading is notice in the absence of any allegations to the  
16 contrary." (July 1, 2005 Order on Thompson's Motion for Partial  
17 Summary Judgment (Docket No. 170), at 5.) While litigation  
18 related to the '250 and '869 patents was stayed when the court  
19 issued its July 1, 2005 Order (see Docket No. 50), the reasoning  
20 therein applies with equal force to the present motion. TLC's  
21 original Complaint and FAC therefore constitute valid "actions  
22 for infringement" pursuant to Rule 8(a) such that Thomson was on  
23 notice that it had allegedly infringed the '250 and '869 patents.

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25 <sup>3</sup> The court expresses no opinion as to whether such a  
26 pleading would comply with Ashcroft v. Iqbal, 556 U.S. ---, 129  
S. Ct. 1937 (2009).

27 <sup>4</sup> TLC's Second Amended Complaint ("SAC"), filed on  
28 January 21, 2010 (Docket No. 240), alleges that Thomson has  
received notice of its infringement pursuant to 35 U.S.C. § 287.  
(SAC ¶ 12.)

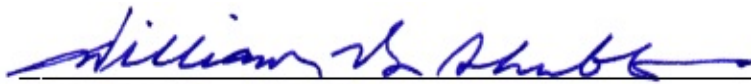
1 Thomson next argues that the original Complaint and FAC  
2 did not put it on notice that the Elantec EL4511 chip or its  
3 8900GEN-SM product infringed the patents-in-suit because neither  
4 was specifically listed as an infringing product or component.  
5 Specifically, Thomson notes that the original Complaint, FAC, and  
6 July 1, 2005 Order all predate Atlantic Corp. v. Twombly, 550  
7 U.S. 544 (2007), Ashcroft v. Iqbal, 556 U.S. ---, 129 S. Ct. 1937  
8 (2009), and McZeal. TLC filed its original Complaint for  
9 infringement of, inter alia, the '250 and '869 patents--now  
10 reissued as the '411 and '412 patents-in-suit--on June 20, 2003  
11 (Docket No. 1) and filed a First Amended Complaint ("FAC") on May  
12 12, 2005 (Docket No. 97).

13 The original Complaint alleged that Thomson  
14 "manufactures, uses, and sells products with synchronization  
15 signal separation capabilities, including, but not limited to,  
16 the Thomson Grass Valley 8900FSS" and that Thomson infringed one  
17 or more claims of the '250 and '869 patents "by manufacturing,  
18 using, and selling such products." (Compl. ¶ 11.) The FAC also  
19 alleged that Thomson "manufactures, uses, and sells products with  
20 synchronization signal separation capabilities, including, but  
21 not limited to, the Thomson Grass Valley 8900 FSS" and that  
22 Thomson infringed one or more claims of the '250 and '869 patents  
23 "by manufacturing, using, and selling such products." (FAC ¶  
24 12.) While the EL4511 chip is one component of at least one  
25 Thomson product that is alleged to infringe the patents-in-suit,  
26 "a plaintiff in a patent infringement suit is not required to  
27 specifically include each element of the claims of the asserted  
28 patent." McZeal, 501 F.3d at 1357 (holding that complaint

1 alleging "line of wireless VoIP products" infringe patent is  
2 sufficient to survive Rule 12(b)(6) motion to dismiss). Even  
3 under the heightened pleading standard articulated in Iqbal,<sup>5</sup>  
4 TLC's complaints allege infringement with sufficient  
5 particularity such that Thomson was aware that its "products with  
6 synchronization signal separation capabilities" including the  
7 8900FSS product allegedly infringed specific patent claims of the  
8 '869 and '250 patents. The court will therefore deny TLC's  
9 motion for partial summary judgment for no damages prior to  
10 January 5, 2010.

11 IT IS THEREFORE ORDERED that Thomson's motions for  
12 partial summary judgment be, and the same hereby are, DENIED.

13 DATED: August 27, 2010

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15 WILLIAM B. SHUBB

16 UNITED STATES DISTRICT JUDGE  
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26 <sup>5</sup> Thomson has not even attempted to explain under what  
27 circumstances Iqbal or Twombly might possibly be retroactive to a  
28 non-operative complaint for purposes of determining whether, at  
that time, Thomson was properly put on notice of TLC's claims of  
patent infringement.